Supporting Michigan Families Impacted by Job Loss

Guaranteed Severance Pay Bill Fact Sheet

Michigan's essential workers — who provide fundamental services in healthcare, transportation, food services, agriculture, and retail, among other industries — are vitally important to the functioning of our society. They were hit first and worst by the COVID-19 pandemic and resulting mass unemployment, underscoring the fragility of our workers' financial security and the urgent need for augmented protections for working people and their families.

Enshrining guaranteed severance pay as a legal right ensures that corporations, including those owned by Wall Street or those laying off workers by automating jobs, take responsibility for the toll placed on working families and communities affected by mass layoffs.

Meet Shirley Smith

Shirley Smith of Detroit is a United for Respect leader, advocate, and dedicated former employee of Art Van Furniture for over 23 years. Shirley proudly built her career at Art Van, working her way up the ranks starting as a sales associate, being promoted all the way to sales manager before Art Van was driven into bankruptcy in March of 2020.

*"**So many working families are still reeling from the way greedy Wall Street executives took advantage of us in our most vulnerable moment**. Thomas H. Lee Partners took over the company, drove it to bankruptcy, and left me with no job and no healthcare right when COVID-19 hit. Private equity crippled Art Van and hurt all of the local communities the company helped. **Since Art Van closed I have been fighting back to make sure nobody has to go through what I went through.** I've fought to make sure my coworkers and I got money back and now **I'm fighting to make sure every worker in the state of Michigan has access to guaranteed severance pay."***

Guaranteed Severance Pay Protects Essential Workers

Requires employers to provide workers employed at the same employer for 3 or more years with **one week of severance pay for each year of service** when 20 or more employees are laid off.

Expands the current MI state WARN Act notice **from 60 days to 90 days** in a layoff, closure, or relocation event for an employer with more than 20 employees (covers all employee types).

Increases the penalty of not providing WARN notice to **4 weeks of pay**, four times the mandatory one week of WARN severance to ensure that employers comply with the law.

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Who is covered?

Covers **employers with 20 or more employees** when they lay off 20 or more employees in the State.

Establishes joint employer: a person who directly or indirectly owns and operates a covered establishment.

How is severance pay calculated?

Equal to one week of pay for each full year of employment.

For example, an employee of 10 years would get 10 weeks of pay. **Employers providing less than the required number of days of notification must pay an additional 4 weeks of severance.**

What is the economic impact?

Since the beginning of 2020, over 62,000 Michigan workers lost their jobs; **more than 99% of those impacted were part of mass layoffs** and would likely have qualified for severance pay under this legislation, so long as the worker met the 3-year employment requirement. Since the beginning of 2020, **30% of workers impacted by mass layoffs worked at companies that received government subsidies — totaling $1.36 billion — in the past decade.**

In 2023, the maximum weekly unemployment insurance benefits rate is $362 for up to 20 consecutive weeks in Michigan — for a maximum payout per year of $7240 from the Unemployment Insurance Agency. **The Michigan UI benefit rate has not increased since 2002, nor has it been adjusted for inflation.**

Private Equity & Michigan Retail

Wall Street's predatory and extractive practices have had an especially destructive impact on the retail sector, costing hundreds of thousands of essential workers their jobs while undermining local economies and exacerbating economic and racial inequality. Across the country, hundreds of thousands of essential workers have lost their jobs—and often their pensions and benefits—because of private equity-owned bankruptcies or shutdowns at Toys R Us, Payless Shoesource, Radio Shack, Shopko, Art Van, and many more. Private equity relies on extractive financial engineering that imposes severe burdens on the retail takeover targets. Private equity-owned retailers have often collapsed into bankruptcy as they are unable to service their large debt loads. While private equity firms and corporate executives walk away profiting from the deals that led to the retailer's collapse, retail workers, who are essential to the health of our economy, are often left with no recourse.

About United for Respect

United for Respect (UFR) is a national non-profit organization. UFR is a multiracial movement of working people throughout the U.S. advancing a vision of an economy where our work is respected and our humanity recognized. UFR is not a labor union and does not intend or seek to represent retail employees over terms and conditions of employment or to bargain with retail employers.

Contact United for Respect

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